

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 L-03 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 PA-01

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R 041720Z AUG 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4254

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E.O. 11652: N/A

TAGS: EAIR, UK

SUBJECT: CIVAIR - NEW BRITISH AIRWAY CONTRACT CARGO RATES

1. PRESS REPORTS AUG. 4 NOTED THAT BA PLANS TO FILE IN NEXT WEEK WITH CIVIL AVIATION AUTHORITY CONTRACT RATES FOR SHIPMENTS ON ITS SERVICES ACROSS NORTH ATLANTIC. UNDERSTAND BA WILL HOLD PRESS CONFERENCE AUG. 4 TO ANNOUNCE NEW RATES. RATES WILL APPLY TO ANNUAL CONTRACTED TONNAGES OF 1500, 1000 OR 500 TONS AND INITIALLY WILL BE AVAILABLE ONLY WESTBOUND FROM UK TO US. IF APPROVED RATES WILL BE OFFERED TO FORWARDING AGENTS AND SHIPPERS WHO WILLING TO ENTER INTO CONTRACT WITH BA TO SHIP SPECIFIED TONNAGES OVER 12 MONTH PERIOD. LEVEL OF RATES FOR HIGHEST CONTRACTED TONNAGES EXPECTED TO BE IN AREA OF 30 PENCE PER KILO IN CONTRAST TO PRESENT IATA RATES OF 50 TO 56 PENCE PER KILO. THERE WILL BE NO RESTRICTION ON WEIGHT OR SIZE OF INDIVIDUAL CONSIGNMENTS NOR IN THE NATURE OF THE COMMODITY THEY CONTAIN.

2. SEABORAD'S LONDON REP TOLD US THAT US CARRIERS OPERATING INTO AND OUT OF UK EXTREMELY DISPLEASED WITH BA ANNOUNCEMENT FOR SEVERAL REASONS: (A) IT IS CONSIDERED RATES PROPOSED WOULD DILUTE CARRIERS' REVENUES; (B) BA HAS TAKEN ACTION UNILATERALLY WITHOUT CONSULTING OTHER  
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CARRIERS; (C) US CARRIERS OPERATING INTO UK AND BA HAD

BEEN IN CONSULTATION OVER PAST SEVERAL WEEKS AND HAD AGREED ON MEASURES TO BE INTRODUCED AUGUST 1 TO CLEAN UP VARIOUS MALPRACTICES IN CARGO TRADE TO IMPROVE CARRIER REVENUES. HOWEVER, BA HAD NOT MENTIONED ITS PLANS FOR NEW CONTRACT RATES WHICH US CARRIERS CONSIDER RUNS COUNTER TO UNDERSTANDINGS REACHED.

3. CAA (BONNEY) TOLD SEABOARD REP THAT HE WAS NOT AWARE OF BA'S PLANS AND THAT, AS PRESS REPORT INDICATED, BA HAS NOT YET FILED NEW RATES WITH CAA. HE WAS NOT PREPARED TO COMMENT ON BA'S PLANS SINCE HE HAD NOT SEEN PROPOSED TARIFFS.

4. COMMENT: BA'S UNILATERAL ANNOUNCEMENT OF LOW CONTRACT CARGO RATES PARTICULARLY BOTHERS US CARRIERS SINCE NO MATTER WHAT ACTION FINALLY MAY BE TAKEN BY CAA AND CAB ON THE RATES FILED, BA HAS ACHIEVED PUBLICITY COUP WITH FREIGHT SHIPPERS IN MANNER SIMILAR TO ACTION TAKEN BY PAN AMERICAN OVER AGENTS COMMISSION FEES IN 1975.

5. EMBASSY WOULD APPRECIATE RECEIVING DEPT'S VIEWS ON CONTRACT RATES BA PROPOSES TO FILE.

ARMSTRONG

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## Message Attributes

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